

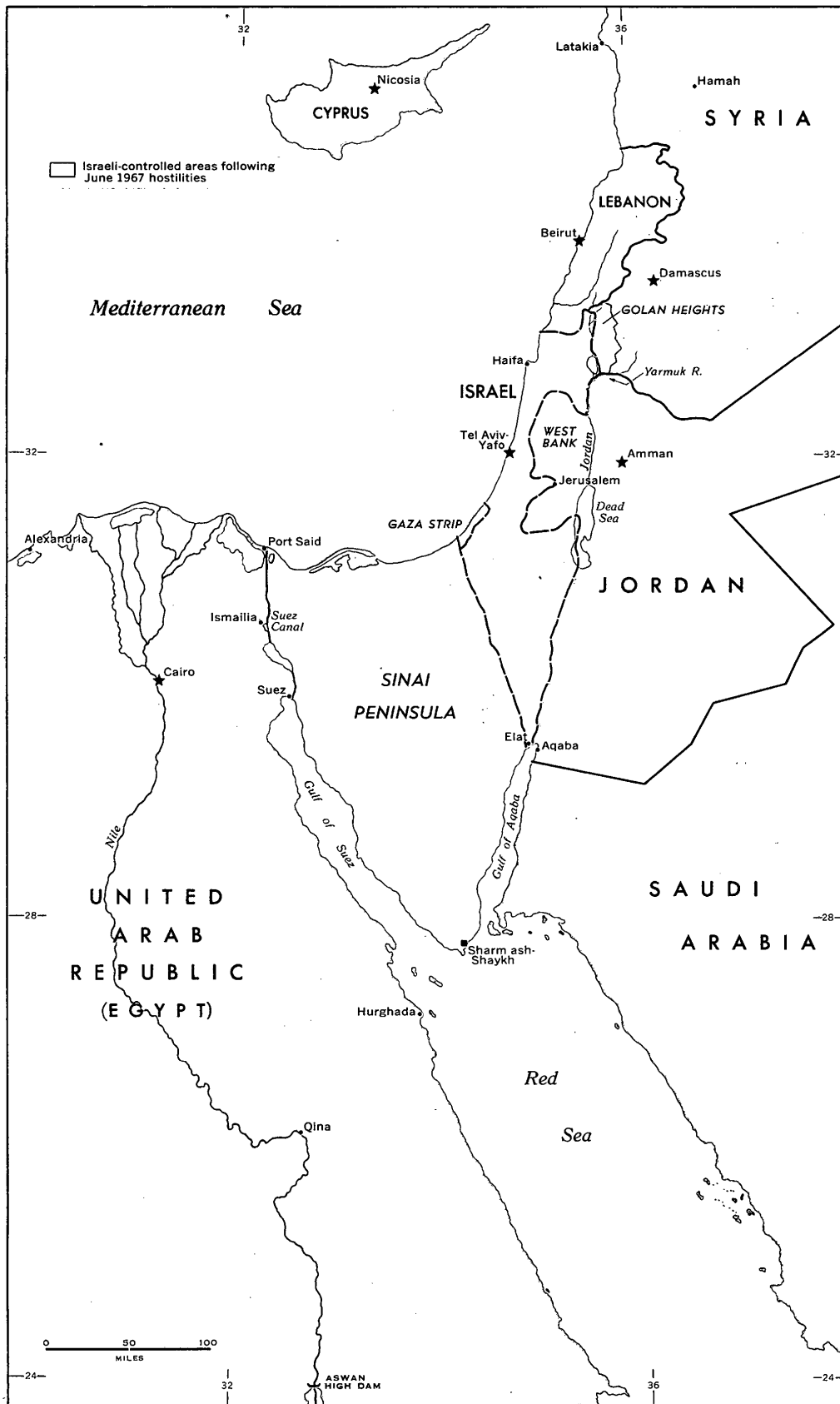
The President's Daily Brief

17 May 1969

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I. MAJOR DEVELOPMENTS

MIDDLE EAST

The Israelis have asked General Bull to inform Cairo that the situation along the Suez Canal is "no longer acceptable" and that Israel "will now take steps to correct it."

Tel Aviv has long been making it known in public and private that the duels across the canal are causing unacceptable numbers of Israeli casualties. Barring a significant and highly visible de-escalation by the Egyptians, retaliation of some sort probably is to be expected. The Israelis face a real dilemma, however, in deciding on the form of retaliation. A cross-canal operation to silence the Egyptian guns, for instance, would produce a painfully long Israeli casualty list. Moreover, one of the main Israeli arguments against the four-power talks is that the Middle East crisis shows no sign of getting out of hand, and they probably are reluctant to call this assertion into question by mounting a large-scale strike.

Another commando raid into the Egyptian heartland is perhaps a better possibility. Here the problem for the Israelis would be to make sure that the raid caused more damage than the one late last month.

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VIETNAM

Communist military activity again tapered off last night, with only minor and scattered shellings reported. Another surge is expected shortly in many areas, however. A wide variety of reports [] have mentioned attacks in connection with Ho Chi Minh's birthday on Monday the 19th. We anticipate this round to follow the familiar pattern of widespread shellings and limited ground assaults which has marked Communist activity over the past few months.

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South Vietnam's Foreign Minister Thanh clearly has major reservations about some points in the President's speech. This attitude apparently is shared by others in Thieu's entourage, judging from the cautiously worded endorsement issued by Thieu's office. By noting that the eight points "are compatible with" Thieu's six points and by stating that the GVN will "study" the eight points, the GVN has demonstrated its reserve.

Thanh has already asked Secretary Rogers whether the elections contemplated in the President's address would take place under the present constitution or whether "exceptional" elections which would be somewhat closer to the idea contained

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in the NLF's ten points were contemplated. The same issue evoked statements of concern from several members of the National Assembly who see their positions threatened in any arrangement which calls for new national elections to form a new government or constitution.

Thanh also raised a question about "designated base areas," into which North Vietnamese troops would be grouped. Thanh wanted to know whether these areas would be in populated regions which thus would be removed from GVN control or whether they would be in unpopulated areas. The foreign minister went on to voice his concern that if substantial numbers of North Vietnamese troops remained in the country at the time of elections, they would have a great influence through agents, friends, and relatives.

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SOVIET AFFAIRS

The Husak leadership in Czechoslovakia has banned two prominent liberal publications, suspended three more, and forced the replacement of the editors of several others for not heeding previously imposed restrictions. The crackdown was announced while Husak was in Budapest--probably a deliberate bit of timing to underscore the growing effectiveness of his domestic controls.

As a further nod to Moscow, the regime has reshuffled personnel in the Ministry of Interior's party committees in order to tighten control over the security and police apparatus.

Husak will be looking for an opportunity to wangle concessions from the Soviets. Withdrawal of some troops or a

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hard currency loan would make his regime more palatable to the public. Husak's chance may come soon if Grechko and Deputy Premier Baibakov soon visit Prague, as reported.

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The Soviets may soon conduct more long-range tests of the SS-9 carrying multiple re-entry vehicles. Four Soviet missile range instrumentation ships are moving into the north Pacific impact area where two similar tests were carried out last month.

EUROPE

There is nothing significant to report.

II. OTHER IMPORTANT DEVELOPMENTS

NORTH VIETNAM - LAOS

North Vietnamese Ambassador Hien, in an unusual departure from Hanoi's long-standing policy of avoiding official contact with the Souvanna government, called on Souvanna on 14 May. Although from what we have learned of the session, Hien does not seem to have broken any new ground, the meeting itself may be a sign that Hanoi is maneuvering toward a Laos settlement.

The North Vietnamese may be thinking in terms of first steps toward a settlement among the Laotian factions, outside the venue of the Paris negotiations. In doing so, the

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Communists would be undercutting the US position that the problem of North Vietnamese troops in Laos must figure prominently in any settlement on Vietnam.

MALAYSIA

The Malaysian Chinese Association, which withdrew from Prime Minister Rahman's cabinet on Tuesday, now says it will rejoin the government. This may help to ease the situation somewhat, but the association is weaker, both in the legislature and within the Chinese community, than it was before the elections last Saturday. It is not clear what role, if any, the association will play in the government's efforts to restore order.

Rahman and his colleagues have given the strong impression that they have ruled out an accommodation with any Chinese. This certainly seems true with regard to the Chinese opposition parties, which did so well in the elections and are more in tune with the average Chinese in Malaysia than the upper class Malaysian Chinese Association. These parties have appealed publicly for an end to the violence but claim the government has shown no interest in enlisting their help.

Unless the gap between the Malay leaders of the government and leaders of the Chinese community can be rebridged, Malaysia's outlook will be bleak.

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